

# Second Quarter 2007

## Earnings Release and Supplemental Financial Information



EQUITY RESIDENTIAL

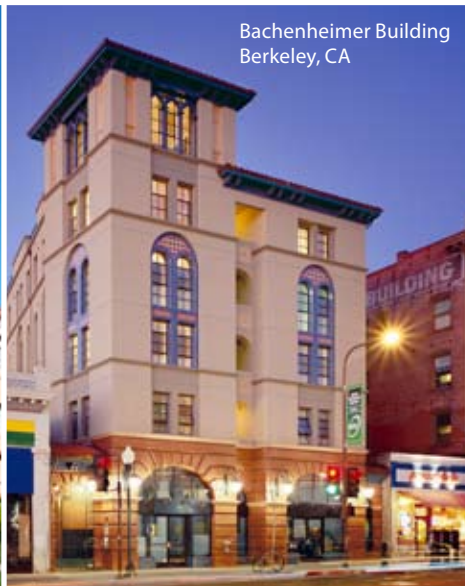
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# Second Quarter 2007 Results

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**EQUITY RESIDENTIAL**

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Note: This press release supplement contains certain non-GAAP financial measures that management believes are helpful in understanding our business, as further discussed within this press release supplement. These financial measures, which include but are not limited to Funds From Operations and Same Store Net Operating Income, should not be considered as an alternative to net earnings or any other GAAP measurement of performance or as an alternative to cash flows from operating, investing or financing activities. Furthermore, these non-GAAP financial measures are not intended to be a measure of cash flow or liquidity.

Information included in this supplemental package is unaudited.



## NEWS RELEASE

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FOR IMMEDIATE RELEASE  
JULY 31, 2007

### **EQUITY RESIDENTIAL REPORTS SECOND QUARTER RESULTS**

**CHICAGO, IL – JULY 31, 2007** - Equity Residential (NYSE: EQR) today reported results for the quarter and six months ended June 30, 2007. All per share results are reported on a fully diluted basis.

“The first half of 2007 produced good operating results with same-store revenue growth of 4.8 percent and net operating income (NOI) growth of 5.4 percent,” said David J. Neithercut, Equity Residential’s President and CEO. “And we will put more money in the bank in the second half of the year than the first half of the year. But our revenue growth will slow in the second half of the year because we will not see the same pick up that we saw in the second half of 2006, caused primarily by markets negatively impacted by excessive condominium construction and/or reversion and high single family home inventories, specifically Florida, Phoenix, the Inland Empire and Washington, D.C. As a result, we have lowered our guidance for same-store performance, which should produce \$0.05 per share less in Funds from Operations (FFO) than expected for the full year. However, we are leaving our full year FFO guidance range of \$2.25 to \$2.35 per share unchanged because lower than expected G&A costs and a land sale, which combined, will offset the same-store shortfall.”

#### **Second Quarter 2007**

For the quarter ended June 30, 2007, the company reported earnings of \$0.95 per share compared to \$0.51 per share in the second quarter of 2006. The increase is primarily attributable to higher gains on property sales in the second quarter of 2007.

FFO for the quarter ended June 30, 2007 were \$0.60 per share compared to \$0.61 per share in the same period of 2006. The decrease is primarily attributable to lower gains on sales of condominium units and higher debt extinguishment costs in the

second quarter of 2007 than in the second quarter of 2006, partially offset by higher gains on the sale of a land parcel in the second quarter of 2007.

The company's FFO of \$0.60 per share exceeded its second quarter guidance range of \$0.54 to \$0.58 per share primarily for the following reasons:

- A \$4.5 million gain on the sale of a land parcel in New York City that had not been included in guidance;
- Approximately \$3.0 million higher gains than expected from the company's condominium division; and
- Approximately \$1.5 million lower than projected debt prepayment penalties and write-offs of unamortized financing costs.

These and other items describing the difference between actual FFO per share for the quarter and the midpoint of the company's original guidance range are listed on page 26 of this release.

#### **Six Months Ended June 30, 2007**

For the six months ended June 30, 2007, the company reported earnings of \$1.35 per share compared to \$1.76 per share in the same period of 2006.

FFO for the six months ended June 30, 2007 were \$1.15 per share compared to \$1.17 per share in the same period of 2006.

#### **Same-Store Results**

On a same-store second quarter to second quarter comparison, revenues increased 4.3 percent, expenses increased 2.6 percent and NOI increased 5.4 percent. The increase in same-store revenues was driven primarily by increases in average rental rates and a slight increase in occupancy.

On a same-store six-month to six-month comparison, revenues increased 4.8 percent, expenses increased 3.8 percent and NOI increased 5.4 percent.

#### **Acquisitions/Dispositions**

"Through the first half of the year we continued to see very stable pricing for property transactions with little or no movement in cap rates on both assets we were acquiring or selling. As a result, we were able to continue to exit non-core markets and increase our investments in our core markets at a 100 basis point cap rate spread. However, we are revising our acquisition and disposition targets for the full year to \$1.75 billion each due to an expectation that the recent pull back in the debt markets will cause a reduction in transaction activity," said Mr. Neithercut.

During the second quarter of 2007, the company acquired 15 properties, consisting of 2,310 apartment units, for an aggregate purchase price of \$551.6 million at an average capitalization (cap) rate of 4.1 percent. Included in the acquisitions for the quarter were three rent stabilized properties on the Upper West Side of Manhattan. This \$180.0 million portfolio was acquired at a cap rate of 2.7 percent and is projected to produce a year two yield in excess of 4.0 percent. Excluding these properties, the average cap rate would have been 4.8 percent for the quarter ended June 30, 2007. The company also acquired two land parcels for \$23.0 million during the quarter.

Also during the quarter, the company sold 25 properties, consisting of 6,307 apartment units, for an aggregate sale price of \$536.7 million at an average cap rate of 5.7 percent generating an unlevered internal rate of return (IRR) of 11.8 percent. In addition, the company sold 226 condominium units for \$65.8 million and one land parcel for \$40.7 million.

In the first six months of 2007, the company acquired 28 properties, consisting of 6,209 apartment units, for an aggregate purchase price of \$1.2 billion at an average cap rate of 4.8 percent. Excluding the acquisition of three rent stabilized properties on the Upper West Side of Manhattan, the average cap rate would have been 5.2 percent for the six months ended June 30, 2007. The company also acquired five land parcels for \$65.5 million during the first six months of 2007.

During the six months ended June 30, 2007, the company sold 37 properties, consisting of 10,018 apartment units, for an aggregate sale price of \$790.6 million at an average cap rate of 5.8 percent generating an unlevered IRR of 11.2 percent. In addition, the company sold 383 condominium units for \$103.1 million and one land parcel for \$40.7 million.

### **Share Repurchase**

During the second quarter of 2007, the company repurchased and retired 14,319,952 of its common shares at an average price of \$46.38 per share for an aggregate purchase of approximately \$664.2 million.

Through the first six months of 2007, the company repurchased and retired 18,460,206 of its common shares at an average price of \$46.91 per share for an aggregate purchase of approximately \$866.0 million.

Since the end of the second quarter, the company has repurchased and retired 1,137,900 of its common shares at an average price of \$45.35 per share for an

aggregate purchase of approximately \$51.6 million. The company currently has \$284.2 million remaining under its share repurchase program.

### **Preferred Share Redemption**

On July 16, 2007, the company redeemed its 8.60 percent Series D Preferred Shares at its cash liquidation value of \$175.0 million plus accrued and unpaid dividends. As a result of this redemption, the company will record an expense of approximately \$6.1 million, or approximately \$0.02 per share, in the third quarter of 2007 for the write-off of the original issuance costs.

### **Debt Offerings**

On June 4, 2007, the company issued \$650.0 million of unsecured notes maturing June 15, 2017 and \$350.0 million of unsecured notes maturing October 1, 2012. The all-in effective interest rates are 5.89 percent and 5.74 percent, respectively. Proceeds from the issuances were used to pay down the company's unsecured revolving credit facility.

On July 19, 2007, the company issued \$300.0 million of mortgage notes maturing February 1, 2019. The all-in effective interest rate is 6.0 percent. Proceeds from the issuance were used to pay down the company's unsecured revolving credit facility.

### **Third Quarter 2007 Guidance**

The company's actual FFO of \$0.60 per share for the second quarter of 2007 is higher than the guidance range of \$0.54 to \$0.58 per share projected for the third quarter of 2007 primarily as a result of the following items:

- Lower expected property NOI, which will be partially offset by lower debt extinguishment costs and higher interest and other income;
- Lower anticipated gains on sales of condos in the third quarter;
- The \$6.1 million expense that the company will record in the third quarter of 2007 for the write-off of the original issuance costs related to the redemption of the Series D Preferred Shares; and
- The \$4.5 million gain on the sale of the land parcel in New York City during the second quarter of 2007.

Equity Residential expects to announce third quarter 2007 results on Tuesday, October 30, 2007 and host a conference call to discuss those results at 10:00 a.m. CT on Wednesday, October 31, 2007.

Equity Residential is an S&P 500 company focused on the acquisition, development and management of high quality apartment properties in top U.S. growth

markets. Equity Residential owns or has investments in 608 properties located in 24 states and the District of Columbia, consisting of 162,532 apartment units. For more information on Equity Residential, please visit our website at [www.equityresidential.com](http://www.equityresidential.com).

### **Forward-Looking Statements**

In addition to historical information, this press release contains forward-looking statements and information within the meaning of the federal securities laws. These statements are based on current expectations, estimates, projections and assumptions made by management. While Equity Residential's management believes the assumptions underlying its forward-looking statements are reasonable, such information is inherently subject to uncertainties and may involve certain risks, including, without limitation, changes in general market conditions, including the rate of job growth and cost of labor and construction material, the level of new multifamily construction and development, competition and local government regulation. Other risks and uncertainties are described under the heading "Risk Factors" in our Annual Report on Form 10-K filed with the Securities and Exchange Commission (SEC) and available on our website, [www.equityresidential.com](http://www.equityresidential.com). Many of these uncertainties and risks are difficult to predict and beyond management's control. Forward-looking statements are not guarantees of future performance, results or events. Equity Residential assumes no obligation to update or supplement forward-looking statements that become untrue because of subsequent events.

**###**

**A live web cast of the company's conference call discussing these results and outlook for 2007 will take place tomorrow, Wednesday, August 1, at 10:00 a.m. Central. Please visit the Investor Information section of the company's web site at [www.equityresidential.com](http://www.equityresidential.com) for the link. A replay of the web cast will be available for two weeks at this site.**

**EQUITY RESIDENTIAL**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(Amounts in thousands except per share data)  
(Unaudited)

	Six Months Ended June 30,		Quarter Ended June 30,	
	2007	2006	2007	2006
<b>REVENUES</b>				
Rental income	\$ 1,037,668	\$ 910,242	\$ 529,310	\$ 465,213
Fee and asset management	4,703	4,807	2,436	2,320
Total revenues	<u>1,042,371</u>	<u>915,049</u>	<u>531,746</u>	<u>467,533</u>
<b>EXPENSES</b>				
Property and maintenance	273,801	238,594	136,682	120,823
Real estate taxes and insurance	112,017	88,963	55,302	45,132
Property management	47,254	46,661	22,412	23,077
Fee and asset management	4,504	4,326	2,163	2,158
Depreciation	304,052	257,683	155,032	132,771
General and administrative	21,515	22,378	11,549	9,338
Impairment	394	805	158	239
Total expenses	<u>763,537</u>	<u>659,410</u>	<u>383,298</u>	<u>333,538</u>
Operating income	278,834	255,639	148,448	133,995
Interest and other income	6,228	4,246	3,784	1,894
Interest:				
Expense incurred, net	(233,075)	(203,862)	(122,019)	(103,120)
Amortization of deferred financing costs	(6,162)	(4,383)	(3,615)	(1,752)
Income before allocation to Minority Interests, loss from investments in unconsolidated entities, net gain on sales of unconsolidated entities and land parcels and discontinued operations	45,825	51,640	26,598	31,017
Allocation to Minority Interests:				
Operating Partnership, net	(2,097)	(1,828)	(1,449)	(1,317)
Preference Interests and Units	(434)	(1,556)	(211)	(457)
Partially Owned Properties	(779)	(2,068)	(187)	(547)
Premium on redemption of Preference Interests	-	(683)	-	(9)
Loss from investments in unconsolidated entities	(363)	(375)	(134)	(145)
Net gain on sales of unconsolidated entities	-	352	-	23
Net gain on sales of land parcels	4,516	246	4,516	246
Income from continuing operations, net of minority interests	46,668	45,728	29,133	28,811
Discontinued operations, net of minority interests	361,970	492,244	253,268	131,346
Net income	408,638	537,972	282,401	160,157
Preferred distributions	(14,840)	(20,168)	(7,416)	(10,073)
Net income available to Common Shares	<u>\$ 393,798</u>	<u>\$ 517,804</u>	<u>\$ 274,985</u>	<u>\$ 150,084</u>
<b>Earnings per share - basic:</b>				
Income from continuing operations available to Common Shares	<u>\$ 0.11</u>	<u>\$ 0.09</u>	<u>\$ 0.08</u>	<u>\$ 0.07</u>
Net income available to Common Shares	<u>\$ 1.37</u>	<u>\$ 1.79</u>	<u>\$ 0.97</u>	<u>\$ 0.52</u>
Weighted average Common Shares outstanding	<u>288,316</u>	<u>289,172</u>	<u>284,424</u>	<u>289,460</u>
<b>Earnings per share - diluted:</b>				
Income from continuing operations available to Common Shares	<u>\$ 0.11</u>	<u>\$ 0.09</u>	<u>\$ 0.08</u>	<u>\$ 0.06</u>
Net income available to Common Shares	<u>\$ 1.35</u>	<u>\$ 1.76</u>	<u>\$ 0.95</u>	<u>\$ 0.51</u>
Weighted average Common Shares outstanding	<u>311,963</u>	<u>314,420</u>	<u>307,631</u>	<u>314,698</u>
Distributions declared per Common Share outstanding	<u>\$ 0.9250</u>	<u>\$ 0.8850</u>	<u>\$ 0.4625</u>	<u>\$ 0.4425</u>



**EQUITY RESIDENTIAL**  
**CONSOLIDATED STATEMENTS OF FUNDS FROM OPERATIONS**  
(Amounts in thousands except per share data)  
(Unaudited)

	<b>Six Months Ended June 30,</b>		<b>Quarter Ended June 30,</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
Net income	\$ 408,638	\$ 537,972	\$ 282,401	\$ 160,157
Allocation to Minority Interests - Operating Partnership, net	2,097	1,828	1,449	1,317
Adjustments:				
Depreciation	304,052	257,683	155,032	132,771
Depreciation - Non-real estate additions	(4,173)	(3,682)	(2,138)	(1,886)
Depreciation - Partially Owned and Unconsolidated Properties	2,081	2,563	1,138	1,013
Net gain on sales of unconsolidated entities	-	(352)	-	(23)
Discontinued operations:				
Depreciation	7,689	39,670	2,035	17,859
Gain on sales of discontinued operations, net of minority interests	(361,356)	(469,246)	(256,568)	(121,281)
Net incremental gain on sales of condominium units	13,594	18,553	8,902	11,426
Provision for income taxes - Non-condo sales	(187)	-	-	-
Minority Interests - Operating Partnership	41	1,620	(218)	707
FFO (1)(2)	372,476	386,609	192,033	202,060
Preferred distributions	(14,840)	(20,168)	(7,416)	(10,073)
FFO available to Common Shares and OP Units - basic (1) (2)	<u>\$ 357,636</u>	<u>\$ 366,441</u>	<u>\$ 184,617</u>	<u>\$ 191,987</u>
FFO available to Common Shares and OP Units - diluted (1) (2)	<u>\$ 358,035</u>	<u>\$ 366,917</u>	<u>\$ 184,811</u>	<u>\$ 192,217</u>
FFO per share and OP Unit - basic	<u>\$ 1.16</u>	<u>\$ 1.18</u>	<u>\$ 0.61</u>	<u>\$ 0.62</u>
FFO per share and OP Unit - diluted	<u>\$ 1.15</u>	<u>\$ 1.17</u>	<u>\$ 0.60</u>	<u>\$ 0.61</u>
Weighted average Common Shares and OP Units outstanding - basic	<u>307,582</u>	<u>309,678</u>	<u>303,511</u>	<u>310,017</u>
Weighted average Common Shares and OP Units outstanding - diluted	<u>312,478</u>	<u>315,034</u>	<u>308,131</u>	<u>315,289</u>

(1) The National Association of Real Estate Investment Trusts ("NAREIT") defines funds from operations ("FFO") (April 2002 White Paper) as net income (computed in accordance with accounting principles generally accepted in the United States ("GAAP")), excluding gains (or losses) from sales of depreciable property, plus depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures. Adjustments for unconsolidated partnerships and joint ventures will be calculated to reflect funds from operations on the same basis. The April 2002 White Paper states that gain or loss on sales of property is excluded from FFO for previously depreciated operating properties only. Once the Company commences the conversion of units to condominiums, it simultaneously discontinues depreciation of such property. FFO available to Common Shares and OP Units is calculated on a basis consistent with net income available to Common Shares and reflects adjustments to net income for preferred distributions and premiums on redemption of preferred shares in accordance with accounting principles generally accepted in the United States. The equity positions of various individuals and entities that contributed their properties to the Operating Partnership in exchange for OP Units are collectively referred to as the "Minority Interests - Operating Partnership". Subject to certain restrictions, the Minority Interests - Operating Partnership may exchange their OP Units for EQR Common Shares on a one-for-one basis.

(2) The Company believes that FFO and FFO available to Common Shares and OP Units are helpful to investors as supplemental measures of the operating performance of a real estate company, because they are recognized measures of performance by the real estate industry and by excluding gains or losses related to dispositions of depreciable property and excluding real estate depreciation (which can vary among owners of identical assets in similar condition based on historical cost accounting and useful life estimates), FFO and FFO available to Common Shares and OP Units can help compare the operating performance of a company's real estate between periods or as compared to different companies. FFO and FFO available to Common Shares and OP Units do not represent net income, net income available to Common Shares or net cash flows from operating activities in accordance with GAAP. Therefore, FFO and FFO available to Common Shares and OP Units should not be exclusively considered as alternatives to net income, net income available to Common Shares or net cash flows from operating activities as determined by GAAP or as a measure of liquidity. The Company's calculation of FFO and FFO available to Common Shares and OP Units may differ from other real estate companies due to, among other items, variations in cost capitalization policies for capital expenditures and, accordingly, may not be comparable to such other real estate companies.

**EQUITY RESIDENTIAL  
CONSOLIDATED BALANCE SHEETS**  
(Amounts in thousands except for share amounts)  
(Unaudited)

	<u>June 30, 2007</u>	<u>December 31, 2006</u>
<b>ASSETS</b>		
Investment in real estate		
Land	\$ 3,582,455	\$ 3,217,672
Depreciable property	13,855,981	13,376,359
Projects under development	392,616	399,131
Land held for development	313,360	242,013
Investment in real estate	<u>18,144,412</u>	<u>17,235,175</u>
Accumulated depreciation	<u>(3,125,555)</u>	<u>(3,022,480)</u>
Investment in real estate, net	15,018,857	14,212,695
Cash and cash equivalents	66,266	260,277
Investments in unconsolidated entities	4,225	4,448
Deposits - restricted	350,934	391,825
Escrow deposits - mortgage	21,214	25,528
Deferred financing costs, net	54,889	43,384
Other assets	152,279	124,062
<b>Total assets</b>	<b><u>\$ 15,668,664</u></b>	<b><u>\$ 15,062,219</u></b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Liabilities:		
Mortgage notes payable	\$ 3,188,395	\$ 3,178,223
Notes, net	5,363,139	4,419,433
Lines of credit	780,000	460,000
Accounts payable and accrued expenses	111,140	96,699
Accrued interest payable	95,183	91,172
Other liabilities	332,927	311,557
Security deposits	62,812	58,072
Distributions payable	145,112	151,382
<b>Total liabilities</b>	<b><u>10,078,708</u></b>	<b><u>8,766,538</u></b>
<i>Commitments and contingencies</i>		
Minority Interests:		
Operating Partnership	333,056	372,961
Preference Interests and Units	184	11,684
Partially Owned Properties	23,392	26,814
<b>Total Minority Interests</b>	<b><u>356,632</u></b>	<b><u>411,459</u></b>
Shareholders' equity:		
Preferred Shares of beneficial interest, \$0.01 par value; 100,000,000 shares authorized; 2,727,250 shares issued and outstanding as of June 30, 2007 and 2,762,950 shares issued and outstanding as of December 31, 2006	385,681	386,574
Common Shares of beneficial interest, \$0.01 par value; 1,000,000,000 shares authorized; 277,134,550 shares issued and outstanding as of June 30, 2007 and 293,551,633 shares issued and outstanding as of December 31, 2006	2,771	2,936
Paid in capital	4,563,630	5,349,194
Retained earnings	288,109	159,528
Accumulated other comprehensive loss	(6,867)	(14,010)
<b>Total shareholders' equity</b>	<b><u>5,233,324</u></b>	<b><u>5,884,222</u></b>
<b>Total liabilities and shareholders' equity</b>	<b><u>\$ 15,668,664</u></b>	<b><u>\$ 15,062,219</u></b>

## EQUITY RESIDENTIAL

### Portfolio Summary As of June 30, 2007

	Markets	Properties	Units	% of Total Units	% of 2007 Stabilized NOI	Average Rental Rate (1)
1	New York Metro Area	21	5,922	3.6%	9.0%	\$ 2,473
2	South Florida	37	12,193	7.5%	8.7%	1,305
3	Los Angeles	38	7,973	4.9%	7.4%	1,719
4	DC Northern Virginia	25	8,473	5.2%	7.4%	1,567
5	Seattle/Tacoma	49	11,285	6.9%	6.9%	1,214
6	Boston	37	6,826	4.2%	6.3%	1,501
7	Phoenix	40	11,640	7.2%	5.7%	949
8	San Francisco Bay Area	34	6,920	4.3%	5.4%	1,622
9	Orlando	25	7,825	4.8%	4.8%	1,042
10	Denver	28	9,327	5.7%	4.6%	929
11	Atlanta	33	9,862	6.1%	4.3%	914
12	San Diego	14	4,491	2.8%	4.0%	1,575
13	Inland Empire CA	15	4,655	2.9%	3.4%	1,391
14	Dallas/Ft Worth	31	8,731	5.4%	3.1%	846
15	Orange County	9	3,175	1.9%	3.0%	1,535
16	Suburban Maryland	21	5,145	3.2%	2.9%	1,082
17	New England (excl Boston)	38	5,597	3.4%	2.9%	1,077
18	Portland OR	11	3,713	2.3%	1.7%	905
19	Jacksonville	11	3,471	2.1%	1.6%	910
20	Raleigh/Durham	16	4,032	2.5%	1.5%	752
	<b>Top 20 Total</b>	<b>533</b>	<b>141,256</b>	<b>86.9%</b>	<b>94.6%</b>	<b>1,248</b>
21	Tampa/Ft Myers	10	3,141	1.9%	1.3%	926
22	Austin	12	3,671	2.3%	1.3%	822
23	Charlotte	11	3,391	2.1%	0.9%	683
24	Nashville	7	1,989	1.2%	0.7%	869
25	Central Valley CA	10	1,595	1.0%	0.5%	1,060
26	Other	14	3,088	1.9%	0.7%	930
	<b>Total</b>	<b>597</b>	<b>158,131</b>	<b>97.3%</b>	<b>100.0%</b>	<b>1,206</b>
	Condominium Conversion	10	780	0.5%	-	-
	Military Housing	1	3,621	2.2%	-	-
	<b>Grand Total</b>	<b>608</b>	<b>162,532</b>	<b>100.0%</b>	<b>100.0%</b>	<b>\$ 1,206</b>

(1) Average rental rate is defined as total rental revenues divided by the weighted average occupied units for the month of June 2007.

## EQUITY RESIDENTIAL

### Portfolio as of June 30, 2007

	Properties	Units
Wholly Owned Properties	535	142,620
Partially Owned Properties:		
Consolidated	27	5,445
Unconsolidated	45	10,846
Military Housing (Fee Managed)	1	3,621
	608	162,532

### Portfolio Rollforward Q2 2007

	Properties	Units	\$ Thousands	Cap Rate
3/31/2007	618	166,324		
Acquisitions:				
Rental Properties	15	2,310	\$ 551,629	4.1% (1)
Land Parcels (two)	-	-	\$ 23,000	
Dispositions:				
Rental Properties	(25)	(6,307)	\$ (536,699)	5.7%
Condominium Units	(2)	(226)	\$ (65,778)	
Land Parcel (one)	-	-	\$ (40,662)	
Completed Developments	2	366		
Configuration Changes	-	65		
	608	162,532		
6/30/2007				

### Portfolio Rollforward 2007

	Properties	Units	\$ Thousands	Cap Rate
12/31/2006	617	165,716		
Acquisitions:				
Rental Properties	28	6,209	\$ 1,225,785	4.8% (1)
Land Parcels (five)	-	-	\$ 65,450	
Dispositions:				
Rental Properties	(37)	(10,018)	\$ (790,629)	5.8%
Condominium Units	(4)	(383)	\$ (103,058)	
Land Parcel (one)	-	-	\$ (40,662)	
Completed Developments	4	938		
Configuration Changes	-	70		
	608	162,532		
6/30/2007				

(1) Excluding the acquisition of three rent stabilized properties on the Upper West Side of Manhattan, the cap rates would have been 4.8% and 5.2% for the quarter and six months ended June 30, 2007, respectively. The cap rate on this \$180.0 million portfolio acquisition was 2.7%.

## EQUITY RESIDENTIAL

### Second Quarter 2007 vs. Second Quarter 2006 Quarter over Quarter Same-Store Results/Statistics

\$ in Thousands (except for Average Rental Rate) - 130,175 Same-Store Units

Description	Results			Statistics		
	Revenues	Expenses	NOI (1)	Average Rental Rate (2)	Occupancy	Turnover
Q2 2007	\$ 447,480	\$ 166,226	\$ 281,254	\$ 1,210	94.8%	(16.5%)
Q2 2006	\$ 428,832	\$ 162,078	\$ 266,754	\$ 1,162	94.7%	(16.6%)
Change	\$ 18,648	\$ 4,148	\$ 14,500	\$ 48	0.1%	0.1%
Change	4.3%	2.6%	5.4%	4.1%		

### Second Quarter 2007 vs. First Quarter 2007 Sequential Quarter over Quarter Same-Store Results/Statistics

\$ in Thousands (except for Average Rental Rate) - 136,234 Same-Store Units

Description	Results			Statistics		
	Revenues	Expenses	NOI (1)	Average Rental Rate (2)	Occupancy	Turnover
Q2 2007	\$ 471,000	\$ 174,972	\$ 296,028	\$ 1,218	94.8%	(16.5%)
Q1 2007	\$ 466,144	\$ 180,496	\$ 285,648	\$ 1,206	94.7%	(13.6%)
Change	\$ 4,856	\$ (5,524)	\$ 10,380	\$ 12	0.1%	(2.9%)
Change	1.0%	(3.1%)	3.6%	1.0%		

### June YTD 2007 vs. June YTD 2006 YTD over YTD Same-Store Results/Statistics

\$ in Thousands (except for Average Rental Rate) - 127,396 Same-Store Units

Description	Results			Statistics		
	Revenues	Expenses	NOI (1)	Average Rental Rate (2)	Occupancy	Turnover
YTD 2007	\$ 869,998	\$ 329,496	\$ 540,502	\$ 1,202	94.8%	(30.0%)
YTD 2006	\$ 830,284	\$ 317,287	\$ 512,997	\$ 1,149	94.7%	(30.6%)
Change	\$ 39,714	\$ 12,209	\$ 27,505	\$ 53	0.1%	0.6%
Change	4.8%	3.8%	5.4%	4.6%		

(1) The Company's primary financial measure for evaluating each of its apartment communities is net operating income ("NOI"). NOI represents rental income less property and maintenance expense, real estate tax and insurance expense, and property management expense. The Company believes that NOI is helpful to investors as a supplemental measure of the operating performance of a real estate company because it is a direct measure of the actual operating results of the Company's apartment communities.

(2) Average rental rate is defined as total rental revenues divided by the weighted average occupied units for the period.

## EQUITY RESIDENTIAL

### Same-Store NOI Reconciliation

#### Second Quarter 2007 vs. Second Quarter 2006

The following table presents a reconciliation of operating income per the consolidated statements of operations to NOI for the Second Quarter 2007 Same-Store Properties:

	Quarter Ended June 30,	
	2007	2006
	(Amounts in thousands)	
Operating income	\$ 148,448	\$ 133,995
Adjustments:		
Non-same-store operating results	(33,660)	(9,427)
Fee and asset management revenue	(2,436)	(2,320)
Fee and asset management expense	2,163	2,158
Depreciation	155,032	132,771
General and administrative	11,549	9,338
Impairment	158	239
Same-store NOI	\$ 281,254	\$ 266,754

### Same-Store NOI Reconciliation

#### June YTD 2007 vs. June YTD 2006

The following table presents a reconciliation of operating income per the consolidated statements of operations to NOI for the Six-Month 2007 Same-Store Properties:

	Six Months Ended June 30,	
	2007	2006
	(Amounts in thousands)	
Operating income	\$ 278,834	\$ 255,639
Adjustments:		
Non-same-store operating results	(64,094)	(23,027)
Fee and asset management revenue	(4,703)	(4,807)
Fee and asset management expense	4,504	4,326
Depreciation	304,052	257,683
General and administrative	21,515	22,378
Impairment	394	805
Same-store NOI	\$ 540,502	\$ 512,997

## EQUITY RESIDENTIAL

### Second Quarter 2007 vs. Second Quarter 2006

#### Same-Store Results by Market

Markets	Units	2Q 2007 % of Actual NOI	2Q 2007 Average Rental Rate (1)	2Q 2007 Weighted Average Occupancy %	Increase (Decrease) from Prior Quarter				
					Revenues	Expenses	NOI	Average Rental Rate (1)	Occupancy
1 New York Metro Area	5,288	9.6%	\$ 2,585	96.5%	6.7%	0.7%	9.8%	7.0%	(0.4%)
2 Los Angeles	6,469	7.7%	1,680	95.4%	5.9%	0.5%	8.6%	4.3%	1.4%
3 Seattle/Tacoma	8,708	6.9%	1,232	94.8%	5.8%	3.9%	6.9%	7.0%	(1.2%)
4 South Florida	8,210	6.5%	1,306	93.5%	1.9%	4.0%	0.6%	1.6%	0.1%
5 DC Northern Virginia	6,662	6.3%	1,428	95.0%	2.1%	6.4%	0.0%	3.0%	(0.8%)
6 San Francisco Bay Area	5,990	6.3%	1,523	96.0%	6.1%	3.3%	7.6%	6.4%	(0.3%)
7 Boston	5,596	6.1%	1,727	95.0%	2.7%	2.5%	2.8%	1.9%	0.8%
8 Phoenix	9,023	5.5%	934	93.8%	5.7%	0.2%	9.0%	6.2%	(0.5%)
9 Atlanta	8,496	4.7%	928	95.1%	4.0%	5.8%	2.7%	4.1%	0.0%
10 Denver	7,891	4.5%	859	95.5%	5.1%	0.2%	7.9%	4.0%	1.0%
11 San Diego	3,822	4.2%	1,589	94.8%	4.4%	(0.7%)	7.0%	2.8%	1.4%
12 Orlando	6,473	4.2%	1,033	93.4%	0.5%	5.1%	(2.1%)	1.5%	(1.0%)
13 Dallas/Ft Worth	7,301	3.6%	881	95.0%	3.3%	(1.0%)	7.1%	2.9%	0.3%
14 Orange County	3,013	3.3%	1,541	95.5%	4.6%	2.9%	5.4%	3.2%	1.2%
15 New England (excl Boston)	5,597	3.3%	1,077	94.7%	4.9%	3.9%	5.7%	3.8%	1.0%
16 Suburban Maryland	4,041	2.7%	1,077	93.6%	1.8%	3.8%	0.6%	1.5%	0.2%
17 Inland Empire CA	3,712	2.3%	1,331	93.9%	4.0%	3.3%	4.3%	2.6%	1.2%
18 Portland OR	3,409	1.9%	913	96.1%	8.1%	1.0%	13.3%	7.2%	0.8%
19 Jacksonville	3,231	1.8%	913	94.5%	2.6%	2.1%	2.9%	3.0%	(0.5%)
20 Raleigh/Durham	3,640	1.7%	762	95.2%	4.5%	3.5%	5.2%	4.5%	(0.1%)
Top 20 Markets	116,572	93.1%	1,249	94.8%	4.3%	2.6%	5.3%	4.1%	0.1%
All Other Markets	13,603	6.9%	880	94.8%	4.9%	2.0%	7.1%	4.7%	0.1%
Total	130,175	100.0%	\$ 1,210	94.8%	4.3%	2.6%	5.4%	4.1%	0.1%

(1) Average rental rate is defined as total rental revenues divided by the weighted average occupied units for the period.

## EQUITY RESIDENTIAL

### Second Quarter 2007 vs. First Quarter 2007 Sequential Same-Store Results by Market

					Increase (Decrease) from Prior Quarter					
Markets	Units	2Q 2007 % of Actual NOI	2Q 2007 Average Rental Rate (1)	2Q 2007 Weighted Average Occupancy %	Revenues	Expenses	NOI	Average Rental Rate (1)	Occupancy	
1	New York Metro Area	5,443	9.2%	\$ 2,575	96.3%	2.0%	(6.5%)	6.8%	1.7%	0.3%
2	Los Angeles	7,063	7.9%	1,688	95.3%	1.8%	(4.7%)	5.1%	1.3%	0.4%
3	South Florida	9,347	7.0%	1,305	93.2%	(1.3%)	(3.1%)	0.0%	(0.1%)	(1.1%)
4	Seattle/Tacoma	9,060	6.8%	1,229	94.8%	2.8%	(1.7%)	5.6%	2.5%	0.3%
5	DC Northern Virginia	7,286	6.7%	1,448	95.1%	0.1%	(4.5%)	2.7%	(0.1%)	0.2%
6	Boston	6,124	6.3%	1,733	95.1%	1.2%	(3.3%)	4.4%	(0.8%)	2.0%
7	San Francisco Bay Area	6,242	6.1%	1,508	95.9%	2.0%	(4.0%)	5.4%	1.5%	0.5%
8	Phoenix	9,343	5.4%	937	93.7%	(0.1%)	(4.4%)	2.4%	0.5%	(0.6%)
9	Denver	8,587	4.8%	877	95.4%	1.6%	(3.5%)	4.6%	1.3%	0.3%
10	Orlando	7,231	4.5%	1,040	93.7%	(1.1%)	(1.5%)	(0.8%)	(0.8%)	(0.2%)
11	Atlanta	8,496	4.4%	928	95.1%	1.2%	(0.1%)	2.2%	1.3%	(0.1%)
12	San Diego	3,822	4.0%	1,589	94.8%	1.5%	(3.7%)	4.1%	1.1%	0.4%
13	Dallas/Ft Worth	7,301	3.4%	881	95.0%	1.5%	(1.7%)	4.4%	1.2%	0.3%
14	Orange County	3,013	3.1%	1,541	95.5%	1.4%	(1.1%)	2.5%	1.5%	(0.1%)
15	New England (excl Boston)	5,597	3.1%	1,077	94.7%	2.0%	(1.0%)	4.7%	1.0%	0.9%
16	Inland Empire CA	4,355	2.9%	1,343	93.8%	0.8%	(3.9%)	3.0%	1.1%	(0.3%)
17	Suburban Maryland	4,041	2.6%	1,077	93.6%	1.6%	(10.5%)	10.9%	1.4%	0.2%
18	Portland OR	3,409	1.9%	913	96.1%	1.6%	(0.1%)	2.6%	0.6%	0.9%
19	Jacksonville	3,231	1.8%	913	94.5%	1.0%	(3.4%)	4.0%	1.1%	(0.1%)
20	Raleigh/Durham	3,640	1.6%	762	95.2%	0.9%	1.1%	0.8%	0.9%	0.0%
Top 20 Markets		122,631	93.5%	1,255	94.8%	1.1%	(3.3%)	3.8%	0.9%	0.1%
All Other Markets		13,603	6.5%	880	94.8%	0.4%	(0.1%)	0.8%	1.2%	(0.8%)
Total		136,234	100.0%	\$ 1,218	94.8%	1.0%	(3.1%)	3.6%	1.0%	0.1%

(1) Average rental rate is defined as total rental revenues divided by the weighted average occupied units for the period.



## EQUITY RESIDENTIAL

### June YTD 2007 vs. June YTD 2006 Same-Store Results by Market

Markets	Units	Jun YTD 07 % of Actual NOI	Jun YTD 07 Average Rental Rate (1)	Jun YTD 07 Weighted Average Occupancy %	Increase (Decrease) from Prior Year				
					Revenues	Expenses	NOI	Average Rental Rate (1)	Occupancy
1 New York Metro Area	5,153	9.2%	\$ 2,544	96.3%	6.8%	2.6%	9.1%	6.7%	0.1%
2 Los Angeles	6,221	7.6%	1,682	95.4%	5.9%	1.3%	8.2%	4.6%	1.2%
3 Seattle/Tacoma	8,532	6.8%	1,213	94.7%	6.1%	3.5%	7.8%	6.8%	(0.7%)
4 DC Northern Virginia	6,662	6.4%	1,429	94.9%	4.0%	10.5%	0.7%	4.2%	(0.1%)
5 South Florida	7,662	6.3%	1,314	93.9%	2.1%	6.3%	(0.6%)	3.0%	(0.9%)
6 San Francisco Bay Area	5,990	6.2%	1,514	95.8%	7.0%	3.5%	9.0%	7.0%	0.0%
7 Boston	5,596	6.1%	1,733	94.1%	2.2%	1.2%	2.8%	1.9%	0.3%
8 Phoenix	9,023	5.6%	931	94.0%	6.4%	4.6%	7.5%	7.6%	(1.0%)
9 Atlanta	7,938	4.4%	902	95.5%	5.1%	3.7%	6.1%	4.5%	0.5%
10 Denver	7,555	4.4%	854	95.4%	4.9%	5.5%	4.5%	4.1%	0.7%
11 Orlando	6,473	4.3%	1,038	93.7%	2.2%	8.0%	(1.1%)	3.1%	(0.9%)
12 San Diego	3,486	3.9%	1,575	94.6%	4.2%	0.6%	6.0%	3.6%	0.6%
13 Dallas/Ft Worth	7,151	3.5%	868	94.9%	3.2%	1.4%	4.8%	2.8%	0.4%
14 Inland Empire CA	3,712	3.4%	1,321	94.1%	4.5%	4.8%	4.4%	2.9%	1.4%
15 Orange County	3,013	3.4%	1,529	95.5%	4.7%	2.4%	5.7%	3.8%	0.8%
16 New England (excl Boston)	5,597	3.3%	1,072	94.3%	6.0%	2.3%	9.6%	3.8%	2.0%
17 Suburban Maryland	4,041	2.7%	1,070	93.5%	1.4%	8.4%	(2.9%)	1.9%	(0.5%)
18 Portland OR	3,409	2.0%	910	95.6%	8.2%	2.1%	12.7%	7.7%	0.4%
19 Jacksonville	3,231	1.9%	908	94.6%	2.6%	3.7%	1.9%	3.0%	(0.4%)
20 Austin	3,671	1.6%	815	96.0%	7.7%	(0.4%)	16.7%	6.8%	0.8%
Top 20 Markets	114,116	93.0%	1,242	94.8%	4.8%	3.8%	5.3%	4.6%	0.1%
All Other Markets	13,280	7.0%	861	95.0%	4.8%	3.9%	5.5%	4.4%	0.4%
Total	127,396	100.0%	\$ 1,202	94.8%	4.8%	3.8%	5.4%	4.6%	0.1%

(1) Average rental rate is defined as total rental revenues divided by the weighted average occupied units for the period.

## EQUITY RESIDENTIAL

### Debt Summary as of June 30, 2007

(Amounts in thousands)

	Amounts (1)	% of Total	Weighted Average Rates (1)	Weighted Average Maturities (years)
Secured	\$ 3,188,395	34.2%	5.73%	7.4
Unsecured	6,143,139	65.8%	5.65%	6.7
<b>Total</b>	<b>\$ 9,331,534</b>	<b>100.0%</b>	<b>5.68%</b>	<b>6.9</b>
<b>Fixed Rate Debt:</b>				
Secured - Conventional	\$ 2,135,082	22.9%	6.13%	4.2
Unsecured - Public/Private	5,106,127	54.7%	5.64%	6.8
Unsecured - Tax Exempt	111,390	1.2%	5.06%	21.8
<b>Fixed Rate Debt</b>	<b>7,352,599</b>	<b>78.8%</b>	<b>5.79%</b>	<b>6.3</b>
<b>Floating Rate Debt:</b>				
Secured - Conventional	435,516	4.7%	7.13%	6.0
Secured - Tax Exempt	617,797	6.6%	3.20%	20.2
Unsecured - Public	145,622	1.5%	6.60%	1.9
Unsecured - Revolving Credit Facility	780,000	8.4%	5.65%	4.7
<b>Floating Rate Debt</b>	<b>1,978,935</b>	<b>21.2%</b>	<b>5.33%</b>	<b>9.4</b>
<b>Total</b>	<b>\$ 9,331,534</b>	<b>100.0%</b>	<b>5.68%</b>	<b>6.9</b>

(1) Net of the effect of any derivative instruments. Weighted average rates are for the six months ended June 30, 2007.

Note: The Company capitalized interest of approximately \$17.9 million and \$7.8 million during the six months ended June 30, 2007 and 2006, respectively. The Company capitalized interest of approximately \$10.0 million and \$3.8 million during the quarters ended June 30, 2007 and 2006, respectively.

### Debt Maturity Schedule as of June 30, 2007

(Amounts in thousands)

Year	Fixed Rate (1)	Floating Rate (1)	Total	% of Total	Weighted Average Rates on Fixed Rate Debt (1)	Weighted Average Rates on Total Debt (1)
2007	\$ 156,908	\$ 40,946	\$ 197,854	2.1%	6.11%	6.30%
2008	470,272	136,471	606,743	6.5%	6.65%	6.56%
2009	457,504	386,711	844,215	9.0%	6.35%	5.37%
2010	279,484	1,654	281,138	3.0%	7.05%	7.05%
2011 (2)	1,475,336	24,150	1,499,486	16.1%	5.55%	5.52%
2012 (3)	890,335	780,000	1,670,335	17.9%	6.09%	5.87%
2013	565,655	-	565,655	6.1%	5.93%	5.93%
2014	504,708	-	504,708	5.4%	5.27%	5.27%
2015	355,491	-	355,491	3.8%	6.41%	6.41%
2016	1,089,241	-	1,089,241	11.7%	5.32%	5.32%
2017+	1,107,665	609,003	1,716,668	18.4%	6.14%	5.66%
<b>Total</b>	<b>\$ 7,352,599</b>	<b>\$ 1,978,935</b>	<b>\$ 9,331,534</b>	<b>100.0%</b>	<b>5.91%</b>	<b>5.75%</b>

(1) Net of the effect of any derivative instruments. Weighted average rates are as of June 30, 2007.

(2) Includes \$650.0 million of 3.85% convertible unsecured debt with a final maturity of 2026. The notes are callable by the Company on or after August 18, 2011. The notes are puttable by the holders on August 18, 2011, August 15, 2016 and August 15, 2021.

(3) Includes \$780.0 million outstanding on the Company's \$1.5 billion unsecured revolving credit facility, which matures on February 28, 2012.

## EQUITY RESIDENTIAL

### Unsecured Debt Summary as of June 30, 2007

(Amounts in thousands)

	Coupon Rate	Due Date	Face Amount	Unamortized Premium/ (Discount)	Net Balance
<b>Fixed Rate Notes:</b>					
	6.900%	08/01/07	\$ 50,000	\$ (2)	\$ 49,998
	7.540%	09/01/07 (1)	4,286	-	4,286
	4.861%	11/30/07	50,000	-	50,000
	7.500%	08/15/08 (1)	130,000	-	130,000
	4.750%	06/15/09 (2)	300,000	(537)	299,463
	6.950%	03/02/11	300,000	3,254	303,254
	6.625%	03/15/12	400,000	(1,382)	398,618
	5.500%	10/01/12	350,000	(1,812)	348,188
	5.200%	04/01/13	400,000	(681)	399,319
	5.250%	09/15/14	500,000	(443)	499,557
	6.584%	04/13/15	300,000	(865)	299,135
	5.125%	03/15/16	500,000	(466)	499,534
	5.375%	08/01/16	400,000	(1,685)	398,315
	5.750%	06/15/17	650,000	(5,086)	644,914
	7.125%	10/15/17	150,000	(668)	149,332
	7.570%	08/15/26	140,000	-	140,000
	3.850%	08/15/26 (3)	650,000	(7,786)	642,214
Floating Rate Adjustments		(2)	(150,000)	-	(150,000)
			<u>5,124,286</u>	<u>(18,159)</u>	<u>5,106,127</u>
<b>Fixed Rate Tax Exempt Notes:</b>					
	4.750%	12/15/28 (1)	35,600	-	35,600
	5.200%	06/15/29 (1)	75,790	-	75,790
			<u>111,390</u>	<u>-</u>	<u>111,390</u>
<b>Floating Rate Notes:</b>					
		06/15/09 (2)	150,000	-	150,000
FAS 133 Adjustments - net		(2)	(4,378)	-	(4,378)
			<u>145,622</u>	<u>-</u>	<u>145,622</u>
<b>Revolving Credit Facility:</b>					
		02/28/12 (4)	780,000	-	780,000
<b>Total Unsecured Debt</b>			<u>\$ 6,161,298</u>	<u>\$ (18,159)</u>	<u>\$ 6,143,139</u>

(1) Notes are private. All other unsecured debt is public.

(2) \$150.0 million in fair value interest rate swaps converts 50% of the 4.750% Notes due June 15, 2009 to a floating interest rate.

(3) Convertible notes mature on August 15, 2026. The notes are callable by the Company on or after August 18, 2011. The notes are puttable by the holders on August 18, 2011, August 15, 2016 and August 15, 2021.

(4) Represents amount outstanding on the Company's \$1.5 billion unsecured revolving credit facility which matures on February 28, 2012.

## EQUITY RESIDENTIAL

### Selected Unsecured Public Debt Covenants

	June 30, 2007	December 31, 2006
Total Debt to Adjusted Total Assets (not to exceed 60%)	49.7%	44.6%
Secured Debt to Adjusted Total Assets (not to exceed 40%)	17.0%	17.6%
Consolidated Income Available for Debt Service to Maximum Annual Service Charges (must be at least 1.5 to 1)	2.28	2.54
Total Unsecured Assets to Unsecured Debt (must be at least 150%)	208.9%	250.6%

These selected covenants relate to ERP Operating Limited Partnership's ("ERPOP") outstanding unsecured public debt. Equity Residential is the general partner of ERPOP.

## EQUITY RESIDENTIAL

### Capital Structure as of June 30, 2007

(Amounts in thousands except for share and per share amounts)

Secured Debt		\$ 3,188,395	34.2%	
Unsecured Debt		5,363,139	57.5%	
Revolving Credit Facility		<u>780,000</u>	<u>8.3%</u>	
<b>Total Debt</b>		<b><u>9,331,534</u></b>	<b><u>100.0%</u></b>	<b>40.1%</b>
Common Shares	277,134,550		93.6%	
OP Units	<u>19,040,440</u>		<u>6.4%</u>	
Total Shares and OP Units	296,174,990		100.0%	
Common Share Equivalents (see below)	<u>491,520</u>			
Total outstanding at quarter-end	296,666,510			
Common Share Price at June 30, 2007	<u>\$ 45.63</u>			
Perpetual Preferred Equity (see below)		13,536,893	97.3%	
<b>Total Equity</b>		<b><u>13,911,893</u></b>	<b><u>100.0%</u></b>	<b>59.9%</b>
<b>Total Market Capitalization</b>		<b>\$ 23,243,427</b>		<b>100.0%</b>

### Convertible Preferred Equity as of June 30, 2007

(Amounts in thousands except for share and per share amounts)

Series	Redemption Date	Outstanding Shares/Units	Liquidation Value	Annual Dividend Per Share/Unit	Annual Dividend Amount	Weighted Average Rate	Conversion Ratio	Common Share Equivalents
Preferred Shares:								
7.00% Series E	11/1/98	401,716	\$ 10,043	\$ 1.75	\$ 703		1.1128	447,030
7.00% Series H	6/30/98	25,534	638	1.75	45		1.4480	36,973
Junior Preference Units:								
8.00% Series B	7/29/09	<u>7,367</u>	<u>184</u>	2.00	<u>15</u>		1.020408	<u>7,517</u>
Total Convertible Preferred Equity		<u>434,617</u>	<u>\$ 10,865</u>		<u>\$ 763</u>	7.02%		<u>491,520</u>

### Perpetual Preferred Equity as of June 30, 2007

(Amounts in thousands except for share and per share amounts)

Series	Redemption Date	Outstanding Shares/Units	Liquidation Value	Annual Dividend Per Share/Unit	Annual Dividend Amount	Weighted Average Rate
Preferred Shares:						
8.60% Series D (1)	7/15/07	700,000	\$ 175,000	\$ 21.50	\$ 15,050	
8.29% Series K	12/10/26	1,000,000	50,000	4.145	4,145	
6.48% Series N	6/19/08	<u>600,000</u>	<u>150,000</u>	16.20	<u>9,720</u>	
Total Perpetual Preferred Equity		<u>2,300,000</u>	<u>\$ 375,000</u>		<u>\$ 28,915</u>	7.71%

(1) The Company redeemed its Series D Preferred Shares on July 16, 2007 at its cash liquidation value of \$175.0 million.

## EQUITY RESIDENTIAL

### Common Share and Operating Partnership Unit (OP Unit) Weighted Average Amounts Outstanding

	YTD 2Q07	YTD 2Q06	2Q07	2Q06
<b>Weighted Average Amounts Outstanding for Net Income Purposes:</b>				
Common Shares - basic	288,316,068	289,171,660	284,424,108	289,459,922
Shares issuable from assumed conversion/vesting of:				
- OP Units	19,265,714	20,505,880	19,087,151	20,556,844
- share options/restricted shares	4,381,549	4,742,794	4,119,457	4,680,985
Total Common Shares and OP Units - diluted	311,963,331	314,420,334	307,630,716	314,697,751
<b>Weighted Average Amounts Outstanding for FFO Purposes:</b>				
Common Shares - basic	288,316,068	289,171,660	284,424,108	289,459,922
OP Units - basic	19,265,714	20,505,880	19,087,151	20,556,844
Total Common Shares and OP Units - basic	307,581,782	309,677,540	303,511,259	310,016,766
Shares issuable from assumed conversion/vesting of:				
- convertible preferred shares/units	514,384	614,125	500,257	591,694
- share options/restricted shares	4,381,549	4,742,794	4,119,457	4,680,985
Total Common Shares and OP Units - diluted	312,477,715	315,034,459	308,130,973	315,289,445
<b>Period Ending Amounts Outstanding:</b>				
Common Shares - basic	277,134,550			
OP Units - basic	19,040,440			
Total Common Shares and OP Units - basic	296,174,990			

## EQUITY RESIDENTIAL

### Partially Owned Entities as of June 30, 2007 (Amounts in thousands except for project and unit amounts)

	Consolidated					Unconsolidated
	Development Projects					Institutional Joint Ventures
	Held for and/or Under Development	Completed, Not Stabilized (4)	Completed and Stabilized	Other	Total	
Total projects	(1) -	2	4	21	27	45
Total units	(1) -	572	977	3,896	5,445	10,846
Operating information for the six months ended 6/30/07 (at 100%):						
Operating revenue	\$ 5	\$ 1,317	\$ 8,093	\$ 27,801	\$ 37,216	\$ 52,274
Operating expenses	312	1,552	2,808	9,622	14,294	24,571
Net operating income (loss)	(307)	(235)	5,285	18,179	22,922	27,703
Depreciation	-	1,383	2,919	6,847	11,149	10,790
Other	1	-	-	65	66	191
Operating income (loss)	(308)	(1,618)	2,366	11,267	11,707	16,722
Interest and other income	28	8	75	600	711	269
Interest:						
Expense incurred, net	(406)	(1,651)	(1,684)	(10,035)	(13,776)	(18,722)
Amortization of deferred financing costs	(12)	-	(24)	(55)	(91)	(308)
Net income (loss)	<u>\$ (698)</u>	<u>\$ (3,261)</u>	<u>\$ 733</u>	<u>\$ 1,777</u>	<u>\$ (1,449)</u>	<u>\$ (2,039)</u>
Debt - Secured (2):						
EQR Ownership (3)	\$ 262,878	\$ 97,596	\$ 61,000	\$ 286,891	\$ 708,365	\$ 121,200
Minority Ownership	-	-	-	13,321	13,321	363,600
Total (at 100%)	<u>\$ 262,878</u>	<u>\$ 97,596</u>	<u>\$ 61,000</u>	<u>\$ 300,212</u>	<u>\$ 721,686</u>	<u>\$ 484,800</u>

(1) Project and unit counts exclude all uncompleted development projects until those projects are substantially completed. See the Consolidated Development Projects schedule for more detail.

(2) All debt is non-recourse to the Company with the exception of \$28.3 million in mortgage bonds on one development project.

(3) Represents the Company's current economic ownership interest.

(4) Projects included here are substantially complete. However, they may still require additional exterior and interior work for all units to be available for leasing.

## EQUITY RESIDENTIAL

Consolidated Development Projects as of June 30, 2007  
(Amounts in thousands except for project and unit amounts)

Projects	Location	No. of Units	Total Capital Cost (1)	Total Book Value To Date	Total Book Value Not Placed in Service	Total Debt	Percentage Completed	Percentage Leased	Percentage Occupied	Estimated Completion Date	Estimated Stabilization Date
<b>Projects Under Development - Wholly Owned:</b>											
West End Apartments (a.k.a. Emerson/CRP II)	Boston, MA	310	167,953	82,245	82,245	-	66%	-	-	2Q 2008	1Q 2009
Redmond Ridge	Redmond, WA	321	55,457	23,534	23,534	-	38%	-	-	2Q 2008	3Q 2010
77 Hudson	Jersey City, NJ	480	269,958	57,702	57,702	-	17%	-	-	3Q 2009	4Q 2010
Crownree Lakes	Orlando, FL	352	58,628	20,350	20,350	-	14%	-	-	3Q 2008	3Q 2009
Key Isle at Windermere II	Orlando, FL	165	29,058	10,474	10,474	-	10%	-	-	4Q 2008	1Q 2009
Projects Under Development - Wholly Owned		1,628	581,054	194,305	194,305	-					
<b>Projects Under Development - Partially Owned:</b>											
Silver Spring	Silver Spring, MD	457	147,454	58,680	58,680	26,035	30%	-	-	4Q 2008	3Q 2010
303 Third Street	Cambridge, MA	531	248,307	79,685	79,685	1,654	23%	-	-	3Q 2008	1Q 2010
City Lofts	Chicago, IL	278	71,109	27,842	27,842	7,827	38%	-	-	3Q 2008	2Q 2009
Alta Pacific	(2) Irvine, CA	132	46,416	32,104	32,104	28,260	56%	-	-	4Q 2007	3Q 2008
Projects Under Development - Partially Owned		1,398	513,286	198,311	198,311	63,776					
<b>Projects Under Development</b>		<b>3,026</b>	<b>1,094,340</b>	<b>392,616</b>	<b>392,616</b>	<b>63,776</b>					
<b>Land Held for Development</b>		<b>N/A</b>	<b>-</b>	<b>313,360</b>	<b>313,360</b>	<b>199,102</b>					
<b>Land/Projects Held for and/or Under Development</b>		<b>3,026</b>	<b>1,094,340</b>	<b>705,976</b>	<b>705,976</b>	<b>262,878</b>					
<b>Completed Not Stabilized - Wholly Owned:</b>											
2400 M St	(3) Washington, D.C.	359	111,947	107,880	-	-		91%	84%	Completed	3Q 2007
Bella Vista III	(4) Woodland Hills, CA	264	73,336	71,220	-	-		20%	16%	Completed	1Q 2008
Highland Glen II	(4) Westwood, MA	102	21,620	17,220	-	5,000		6%	4%	Completed	1Q 2008
Projects Completed Not Stabilized - Wholly Owned		725	206,903	196,320	-	5,000					
<b>Completed Not Stabilized - Partially Owned (4):</b>											
Mozaic (a.k.a. Union Station)	Los Angeles, CA	272	69,661	68,732	-	43,788		64%	55%	Completed	1Q 2008
Vintage	Ontario, CA	300	54,013	54,013	-	53,808		73%	58%	Completed	1Q 2008
Projects Completed Not Stabilized - Partially Owned		572	123,674	122,745	-	97,596					
<b>Projects Completed Not Stabilized</b>		<b>1,297</b>	<b>330,577</b>	<b>319,065</b>	<b>-</b>	<b>102,596</b>					
<b>Completed and Stabilized During the Quarter:</b>											
<b>Projects Completed and Stabilized During the Quarter</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>					
<b>Total Projects</b>		<b>4,323</b>	<b>\$ 1,424,917</b>	<b>\$ 1,025,041</b>	<b>\$ 705,976</b>	<b>\$ 365,474</b>					

### NOI CONTRIBUTION FROM DEVELOPMENT PROJECTS

	Total Capital Cost (1)	Q2 2007 NOI
Projects Under Development	\$ 1,094,340	\$ (3)
Completed Not Stabilized	330,577	1,911
Completed and Stabilized During the Quarter	-	-
<b>Total Development/Newly Stabilized NOI Contribution</b>	<b>\$ 1,424,917</b>	<b>\$ 1,908</b>

(1) Total capital cost represents estimated development cost for projects under development and all capitalized costs incurred to date plus any estimates of costs remaining to be funded for all projects, all in accordance with GAAP.

(2) Debt is primarily tax-exempt bonds that are entirely outstanding, with \$15.0 million held in escrow by the lender and released as draw requests are made. This amount is classified as deposits - restricted in the consolidated balance sheets at 6/30/07.

(3) EQR acquired its partner's interest on 4/28/06 and now wholly-owns the property. Total Book Value to Date does not include additional purchase consideration of \$30.7 million.

(4) Projects included here are substantially complete. However, they may still require additional exterior and interior work for all units to be available for leasing.



## EQUITY RESIDENTIAL

### Consolidated Condominium Conversion Projects as of June 30, 2007 (Amounts in thousands except for project and unit amounts)

Projects	Location	Project Start Date (1)	Estimated Close Out Date	Units Available for Sale				2007 YTD Activity			2Q 2007		
				Total	Units Closed	Sold Not Closed	Available	Units Closed	Sales Price	FFO Incremental Gain on Sale (3)	Units Closed	Sales Price	FFO Incremental Gain on Sale (3)
<b>For Sale</b>													
Milano Terrace	Scottsdale, AZ	Q2 2005	Q4 2007	224	192	8	24	39	\$ 9,498	\$ 1,612	10	\$ 2,490	\$ 355
South Palm Place	Tamarac, FL	Q2 2005	Q4 2007	208	180	7	21	71	14,428	892	37	7,554	367
Chantecleer Lakes	Naperville, IL	Q4 2005	Q4 2007	304	265	4	35	59	9,298	1,508	44	7,001	1,186
Parkside	Seattle, WA	Q4 2005	Q3 2007	44	43	-	1	7	2,680	33	1	470	(3)
Park Bloomingdale	Bloomington, IL	Q2 2006	Q1 2008	250	133	13	104	55	8,469	887	29	4,477	564
Belle Arts	Bellevue, WA	Q4 2006	Q1 2008	128	81	3	44	81	26,886	3,707	45	15,159	2,242
Pacific Cove	Playa Del Ray, CA	Q3 2006	Q4 2007	80	57	18	5	57	27,756	4,094	57	27,756	4,094
Arrington Place	Issaquah, WA	Q1 2007	Q3 2008	130	-	26	104	-	-	-	-	-	-
Dania Beach Club	Dania Beach, FL	Q2 2007	Q1 2009	240	-	-	240	-	-	-	-	-	-
Sage	Everett, WA	Q2 2007	Q3 2008	123	-	-	123	-	-	-	-	-	-
				<b>1,731</b>	<b>951</b>	<b>79</b>	<b>701</b>	<b>369</b>	<b>99,015</b>	<b>12,733</b>	<b>223</b>	<b>64,907</b>	<b>8,805</b>
<b>Closed Out</b>													
Timber Ridge	Woodinville, WA	Q1 2005	Q1 2007	203	203	-	-	4	1,059	435	-	-	(16)
Braewood	Bothell, WA	Q2 2005	Q1 2007	84	84	-	-	2	573	22	-	-	(69)
Fairway Greens	Pembroke Pines, FL	Q1 2005	Q2 2007	152	152	-	-	2	410	142	2	410	146
Fifth Avenue North	Seattle, WA	Q2 2005	Q2 2007	62	62	-	-	6	2,001	311	1	461	89
Projects closed out prior to 2007				3,744	3,744	-	-	-	-	(56)	-	-	(52)
				<b>4,245</b>	<b>4,245</b>	<b>-</b>	<b>-</b>	<b>14</b>	<b>4,043</b>	<b>854</b>	<b>3</b>	<b>871</b>	<b>98</b>
<b>Totals</b>			<b>14</b>	<b>5,976</b>	<b>5,196</b>	<b>79</b>	<b>701</b>	<b>383</b>	<b>\$ 103,058</b>	<b>\$ 13,587</b>	<b>226</b>	<b>\$ 65,778</b>	<b>\$ 8,903</b>
<b>Gross incremental gain on sales of condominium units (3)</b>										<b>\$ 13,587</b>	<b>\$ 8,903</b>		
<b>Provision for income taxes</b>										<b>7</b>	<b>(1)</b>		
<b>Net incremental gain on sales of condominium units (3)</b>										<b>13,594</b>	<b>8,902</b>		
<b>Corporate overhead (property management expense)</b>										<b>(2,442)</b>	<b>(1,216)</b>		
<b>Other expenses</b>										<b>(218)</b>	<b>(147)</b>		
<b>Discontinued operating income (loss)</b>										<b>(2,578)</b>	<b>(1,223)</b>		
<b>Operating income of halted conversions</b>										<b>1,170</b>	<b>1,083</b>		
<b>Net Income - Condominium Division (2)</b>										<b>\$ 9,526</b>	<b>\$ 7,399</b>		

(1) Project start date represents the date that each respective property was acquired by the taxable REIT subsidiary and included in discontinued operations.

(2) Excludes interest income, interest expense and certain other items specific to condominium conversion projects that ultimately eliminate in consolidation. Also excludes depreciation expense on halted conversions (active conversions are not depreciated).

(3) Amounts are net of \$1,191,000 and \$732,000 in reserves for potential homeowners' disputes for the six months and quarter ended June 30, 2007, respectively.

## EQUITY RESIDENTIAL

**Maintenance Expenses and Capitalized Improvements to Real Estate**  
**For the Six Months Ended June 30, 2007**  
(Amounts in thousands except for unit and per unit amounts)

	Maintenance Expenses						Capitalized Improvements to Real Estate						Total Expenditures		
	Total Units (1)	Expense (2)	Avg. Per Unit	Payroll (3)	Avg. Per Unit	Total	Avg. Per Unit	Replacements (4)	Avg. Per Unit	Building Improvements (5)	Avg. Per Unit	Total	Avg. Per Unit	Grand Total	Avg. Per Unit
Established Properties (6)	114,823	\$ 42,472	\$ 370	\$ 36,949	\$ 322	\$ 79,421	\$ 692	\$ 19,495	\$ 170	\$ 37,141	\$ 323	\$ 56,636	\$ 493	\$ 136,057	\$ 1,185
New Acquisition Properties (7)	25,909	9,810	412	7,976	335	17,786	747	4,096	172	27,987	1,176	32,083	1,348	49,869	2,095
Other (8)	<u>7,333</u>	<u>6,730</u>		<u>6,100</u>		<u>12,830</u>		<u>9,486</u>		<u>19,640</u>		<u>29,126</u>		<u>41,956</u>	
<b>Total</b>	<u>148,065</u>	<u>\$ 59,012</u>		<u>\$ 51,025</u>		<u>\$ 110,037</u>		<u>\$ 33,077</u>		<u>\$ 84,768</u>		<u>\$ 117,845</u>		<u>\$ 227,882</u>	

(1) Total units exclude 10,846 unconsolidated units and 3,621 military housing (fee managed) units.

(2) Maintenance expenses include general maintenance costs, unit turnover costs including interior painting, regularly scheduled landscaping and tree trimming costs, security, exterminating, fire protection, snow and ice removal, elevator repairs, and other miscellaneous building repair costs.

(3) Maintenance payroll includes employee costs for maintenance, cleaning, housekeeping, and landscaping.

(4) Replacements include new expenditures inside the units such as appliances, mechanical equipment, fixtures and flooring, including carpeting.

(5) Building improvements include roof replacement, paving, amenities and common areas, building mechanical equipment systems, exterior painting and siding, major landscaping, vehicles and office and maintenance equipment.

(6) Wholly Owned Properties acquired prior to January 1, 2005.

(7) Wholly Owned Properties acquired during 2005, 2006 and 2007. Per unit amounts are based on a weighted average of 23,807 units.

(8) Includes properties either partially owned or sold during the period, commercial space, corporate housing, condominium conversions and \$9.8 million included in building improvements spent on fifteen specific assets related to major renovations and repositioning of these assets.

## EQUITY RESIDENTIAL

### Discontinued Operations (Amounts in thousands)

	Six Months Ended, June 30,		Quarter Ended June 30,	
	2007	2006	2007	2006
<b>REVENUES</b>				
Rental income	\$ 31,880	\$ 164,992	\$ 8,591	\$ 75,261
Total revenues	<u>31,880</u>	<u>164,992</u>	<u>8,591</u>	<u>75,261</u>
<b>EXPENSES (1)</b>				
Property and maintenance	15,469	56,322	6,523	26,571
Real estate taxes and insurance	4,695	22,000	1,224	10,014
Property management	272	5,937	69	3,146
Depreciation	7,689	39,789	2,035	17,930
General and administrative	11	482	9	271
Impairment	-	351	-	125
Total expenses	<u>28,136</u>	<u>124,881</u>	<u>9,860</u>	<u>58,057</u>
Discontinued operating income (loss)	3,744	40,111	(1,269)	17,204
Interest and other income	130	1,134	43	154
Interest (2):				
Expense incurred, net	(1,897)	(15,864)	(987)	(5,982)
Amortization of deferred financing costs	(1,322)	(763)	(1,305)	(604)
Discontinued operations	655	24,618	(3,518)	10,772
Minority Interests - Operating Partnership	(41)	(1,620)	218	(707)
Discontinued operations, net of minority interests	<u>614</u>	<u>22,998</u>	<u>(3,300)</u>	<u>10,065</u>
Net gain on sales of discontinued operations	385,323	502,297	273,556	129,796
Minority Interests - Operating Partnership	(23,967)	(33,051)	(16,988)	(8,515)
Gain on sales of discontinued operations, net of minority interests	<u>361,356</u>	<u>469,246</u>	<u>256,568</u>	<u>121,281</u>
Discontinued operations, net of minority interests	<u>\$ 361,970</u>	<u>\$ 492,244</u>	<u>\$ 253,268</u>	<u>\$ 131,346</u>

(1) Includes expenses paid in the current period for properties sold or held for sale in prior periods related to the Company's period of ownership.

(2) Includes only interest expense specific to secured mortgage notes payable for properties sold and/or held for sale.

## EQUITY RESIDENTIAL

### Additional Reconciliations and Non-Comparable Items

(Amounts in thousands except per share data)

(All per share data is diluted)

#### FFO Reconciliations

	FFO Reconciliations Guidance Midpoint Q2 2007 to Actual Q2 2007	
	Amounts	Per Share
Guidance midpoint Q2 2007 FFO - Diluted (1) (2)	\$ 177,245	\$ 0.564
Property NOI	(1,923)	(0.006)
General and administrative expense	518	0.002
Florida litigation reserve reduction (general and administrative expense)	42	-
Interest and other income	2,245	0.007
Interest expense (excluding debt extinguishment):		
Share repurchase and transaction timing	(2,851)	(0.009)
Capitalized interest, floating rates and other	425	0.001
Amortization of deferred financing costs (excluding debt extinguishment)	(78)	-
Prepayment penalties on debt extinguishment	619	0.002
Write-off of unamortized deferred financing costs on debt extinguishment	861	0.003
Net income - Condominium division (after taxes/overhead/operations)	3,000	0.010
Gain on sale of vacant land	4,516	0.015
Other (primarily ECH NOI and impairment)	192	-
Weighted average share count adjustment	-	0.011
Actual Q2 2007 FFO - Diluted (1) (2)	<u>\$ 184,811</u>	<u>\$ 0.600</u>

#### Non-Comparable Items (3)

	Six Months Ended June 30,		Quarter Ended June 30,	
	2007	2006	2007	2006
Florida litigation reserve reduction (general and administrative expense)	\$ 1,667	\$ 2,843	\$ 42	\$ 2,843
Performance shares (general and administrative expense)	(219)	(1,571)	(179)	(140)
Impairment (including discontinued operations)	(394)	(1,156)	(158)	(364)
Prepayment penalties on debt extinguishment	(3,041)	(2,892)	(2,900)	(25)
Write-off of unamortized deferred financing costs on debt extinguishment	(3,828)	(1,542)	(3,110)	(555)
Gain on debt extinguishment	-	782	-	-
Premium on redemption of Preference Interests	-	(683)	-	(9)
Net gain on sales of land parcels	4,516	246	4,516	246
Net incremental gain on sales of condominium units	13,594	18,553	8,902	11,426
Net non-comparable items (3)	<u>\$ 12,295</u>	<u>\$ 14,580</u>	<u>\$ 7,113</u>	<u>\$ 13,422</u>

Note: See page 28 for definitions, footnotes and reconciliations of EPS to FFO.

## EQUITY RESIDENTIAL

The earnings guidance/projections provided below are based on current expectations and are forward-looking.

### 2007 Earnings Guidance (per share diluted)

	<u>Q3 2007</u>	<u>2007</u>
Expected FFO (1) (2)	\$0.54 to \$0.58	\$2.25 to \$2.35

### 2007 Same-Store Assumptions

Physical occupancy	95.0%
Revenue change	3.75% to 4.25%
Expense change	2.50% to 3.00%
NOI change	4.50% to 5.25%
(Note: 30 basis point change in NOI percentage = \$0.01 per share change in EPS/FFO)	

### 2007 Transaction Assumptions

Acquisitions	\$1.75 billion
Dispositions	\$1.75 billion
Capitalization rate spread	100 basis points

### 2007 Debt Assumptions

Weighted average debt outstanding	\$9.2 billion - \$9.6 billion
Weighted average interest rate (reduced for capitalized interest and including prepayment penalties)	5.35%
Interest expense (including discontinued operations)	\$495.0 million - \$510.0 million

### 2007 Preferred Share Assumptions

<u>Series D Preferred Shares:</u>	
Redemption timing	July 2007
Liquidation value	\$175.0 million
Premium on redemption (non-cash)	\$6.1 million

### 2007 Condominium Conversion Assumptions

Net incremental gain on sales of condominium units	\$19.6 million - \$25.9 million
Net income - Condominium division (after taxes/overhead/operations)	\$12.6 million - \$21.0 million
Number of condominium unit sales	600 units - 850 units

### 2007 Other Guidance Assumptions

General and administrative expense	\$46.0 million - \$49.0 million
Interest and other income	\$20.0 million - \$25.0 million
Net gain (loss) on sales of land parcels (all recorded in Q2 2007)	\$4.5 million
Weighted average Common Shares and OP Units - Diluted	306.0 million

*Note: See page 28 for definitions, footnotes and reconciliations of EPS to FFO.*

## EQUITY RESIDENTIAL

The earnings guidance/projections provided below are based on current expectations and are forward-looking.

### Reconciliations of EPS to FFO for Pages 26 and 27

(Amounts in thousands except per share data)  
(All per share data is diluted)

	Expected Q2 2007		Expected	Expected
	Amounts	Per Share	Q3 2007 Per Share	2007 Per Share
Expected EPS - Diluted (4)	\$ 306,700	\$ 0.975	\$1.79 to \$1.83	\$3.35 to \$3.45
Add: Expected depreciation expense	154,530	0.492	0.52	2.05
Less: Expected net gain on sales (4)	(283,985)	(0.903)	(1.77)	(3.15)
Expected FFO - Diluted (1) (2)	<u>\$ 177,245</u>	<u>\$ 0.564</u>	<u>\$0.54 to \$0.58</u>	<u>\$2.25 to \$2.35</u>

### Definitions and Footnotes for Pages 26 and 27

- (1) The National Association of Real Estate Investment Trusts ("NAREIT") defines funds from operations ("FFO") (April 2002 White Paper) as net income (computed in accordance with accounting principles generally accepted in the United States ("GAAP")), excluding gains (or losses) from sales of depreciable property, plus depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures. Adjustments for unconsolidated partnerships and joint ventures will be calculated to reflect funds from operations on the same basis. The April 2002 White Paper states that gain or loss on sales of property is excluded from FFO for previously depreciated operating properties only. Once the Company commences the conversion of units to condominiums, it simultaneously discontinues depreciation of such property. FFO available to Common Shares and OP Units is calculated on a basis consistent with net income available to Common Shares and reflects adjustments to net income for preferred distributions and premiums on redemption of preferred shares in accordance with accounting principles generally accepted in the United States. The equity positions of various individuals and entities that contributed their properties to the Operating Partnership in exchange for OP Units are collectively referred to as the "Minority Interests - Operating Partnership". Subject to certain restrictions, the Minority Interests - Operating Partnership may exchange their OP Units for EQR Common Shares on a one-for-one basis.
- (2) The Company believes that FFO and FFO available to Common Shares and OP Units are helpful to investors as supplemental measures of the operating performance of a real estate company, because they are recognized measures of performance by the real estate industry and by excluding gains or losses related to dispositions of depreciable property and excluding real estate depreciation (which can vary among owners of identical assets in similar condition based on historical cost accounting and useful life estimates), FFO and FFO available to Common Shares and OP Units can help compare the operating performance of a company's real estate between periods or as compared to different companies. FFO and FFO available to Common Shares and OP Units do not represent net income, net income available to Common Shares or net cash flows from operating activities in accordance with GAAP. Therefore, FFO and FFO available to Common Shares and OP Units should not be exclusively considered as alternatives to net income, net income available to Common Shares or net cash flows from operating activities as determined by GAAP or as a measure of liquidity. The Company's calculation of FFO and FFO available to Common Shares and OP Units may differ from other real estate companies due to, among other items, variations in cost capitalization policies for capital expenditures and, accordingly, may not be comparable to such other real estate companies.
- (3) Non-comparable items are those items included in FFO that by their nature are not comparable from period to period, such as net incremental gain on sales of condominium units, impairment charges, debt extinguishment costs and redemption premiums on Preferred Shares/Preference Interests.
- (4) Earnings per share ("EPS") represents net income per share calculated in accordance with accounting principles generally accepted in the United States. Expected EPS is calculated on a basis consistent with actual EPS. Due to the uncertain timing and extent of property dispositions and the resulting gains/losses on sales, actual EPS could differ materially from expected EPS.